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Public Hearing Testimony to the Finance, Revenue and Bonding Committee

Re: Raised General Assembly House Bill 6655: AN ACT CONCERNING MUNICIPAL TAXATION AND INCENTIVIZING REGIONALIZATION

Respectfully submitted by Kenneth A. Flatto, Director of Finance/ CFO, City of Bridgeport, CT

Date: April 5, 2021

Dear Hon. Representative Scanlon, Senator Fonfara and distinguished members of the Finance, Revenue and Bonding Committee, my name is Kenneth Flatto and I serve as Director of Finance and CFO for the City of Bridgeport. I am submitting this testimony on Raised House Bill 6655 as it relates to proposals to change the definitions and levels of municipal taxation and other issues relating to incentivizing regionalization.

The City of Bridgeport must raise strong objections to certain provisions of this proposed legislation due to language within the proposed bill in Section One which would lead to unintended adverse financial consequences to the City. As proposed, this Bill would literally deprive our City budget of major significant necessary revenue required to sustain the annual budget of the City of Bridgeport.

This resultant impact would be similar, I believe, with a number of other municipalities and their budgets.

Why would this adverse consequence and impact occur due to proposed Raised Bill 6655?

The problem: Raised Bill's proposed language and definitions in Section 1 (b) propose to create a new state statutory limit capping and thus reducing the total level of local taxes levied by any municipality. The proposal seeks to restrict the total local Property Tax Levy of a municipality drastically by mandating that such Tax Levy be 'no higher than 2.5% of the Grand List' of the municipality.

This particularly would impact municipalities such as Bridgeport, where high ratios of 'tax exempt properties versus taxable properties', limits the amount of tax levy funds. Bridgeport and other communities around the state would be severely damaged by the creation of an artificial limit on taxation based off a % of Grand List, causing our local budget to lose a huge amount of current tax revenue.

Bridgeport, for example, has a 2020 Grand List of approximately \$8 billion. Limited to 2.5% of this Grand List would reduce the tax levy to \$200 million, versus Bridgeport's current tax levy of approximately \$320 million. **This would result in a \$120 million loss in Bridgeport's budget revenues.** Can you imagine out of a \$570 million budget, what a cut of \$120 million would look like: impacting public safety, schools, and other programs.

The other sections of the bill, with noble intentions to seek to limit annual tax increases to 2.5% is a different matter and not unreasonable. We appreciate that legislators desire to limit annual tax increases and to incentive regional efforts to help our communities and have no problems with such ideas or portions of legislative proposals that solely deal with such incentives.

But please do not adopt any language or proposal that would devastate the way local taxation formulas work in relation to Grand Lists and property tax levies. Thank you so much.